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February 15, 2002

APPLICATION

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Honorable Felix J. Boudreaux
Commissioner of Conservation
P.O., Box 94275
Baton Rouge, LA 70804-9275

RE: South Coast 3 SW Sand, Reservoirs A and B
Caillouet Sand, Reservoir A
Valentine Field
Lafourche Parish, Louisiana

Dear Commissioner Boudreaux:

Application is hereby made on behalf of **PETROQUEST ENERGY, L.L.C.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters related to the South Coast 3 SW Sand, Reservoirs A and B, and the Caillouet Sand, Reservoir A, in the Valentine Field, Lafourche Parish, Louisiana, to-wit:

AS TO THE SOUTH COAST 3 SW SAND, RESERVOIR B:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, such unit to be designated SC3 SW RB SUB;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the PetroQuest Energy-Arcement No. 1 Well as the unit well for the proposed unit;

4. To designate PetroQuest Energy, L.L.C. as the unit operator for the proposed unit;
5. To provide that any future wells drilled to the SC 3 SW Sand outside of the proposed unit should be located in accordance with the spacing provisions of Statewide Order No. 29-E;
6. To provide that the Commissioner of Conservation should be authorized to reclassify the reservoir by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

**AS TO THE SOUTH COAST 3 SW, RESERVOIR A AND
THE CAILLOUET SAND, RESERVOIR A:**

1. By separate applications, PetroQuest Energy, L.L.C. has filed for the administrative termination, pursuant to Statewide Order 29-L-2, of the SC3 SW RA SUA, created by Office of Conservation Order 280-13, effective July 18, 1984, and the CAILLOUET RA SUA, created by Office of Conservation Order 280-Z, effective January 7, 1981; in the event those applications are not approved administratively, then the applicant will also present evidence to support its request to terminate or dissolve the aforesaid units.

The South Coast 3 SW Sand, Reservoir B in the Valentine Field, Lafourche Parish, Louisiana, was previously defined in Office of Conservation Order 280-6, effective October 1, 1971, and is hereby further defined as that gas and condensate bearing sand encountered between the depths of 10,906 feet and 11,020 feet (electric log measurements) in the PetroQuest Energy-Arcement No. 1 Well, located in Section 26, Township 17 South, Range 19 East, Lafourche Parish, Louisiana.

The South Coast 3 SW Sand, Reservoir A, was previously defined in Office of Conservation Order No. 280-13, effective July 18, 1984.

The Caillouet Sand, Reservoir A, was previously defined in Office of Conservation Order No. 280-Z, effective January 7, 1981.

A conference to discuss the proposed application and any opposition thereto was held at 3:00 p.m., on Thursday, February 14, 2002, at The Howard Johnsons, 201 North Canal Blvd., Thibodaux, LA 70301 (985-447-0971). A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. William S.

McAlister, Jr., geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. There were no counter plans presented, though Mr. T. A. Johnston, representing Arcement, et al, indicated they were studying the possibility of filing a counterplan. The rights of all parties to file counterplans are reserved as per the Rules of Procedure. The conference was then adjourned.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting William S. McAlister, Jr., Leon Comeaux & Associates, P. O. Box 53922, Lafayette, LA 70505 (337-233-9839).

There is attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$2,100.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,

Randall C. Songy (bad)
RANDALL C. SONGY

RCS/dde/bad
Enclosures

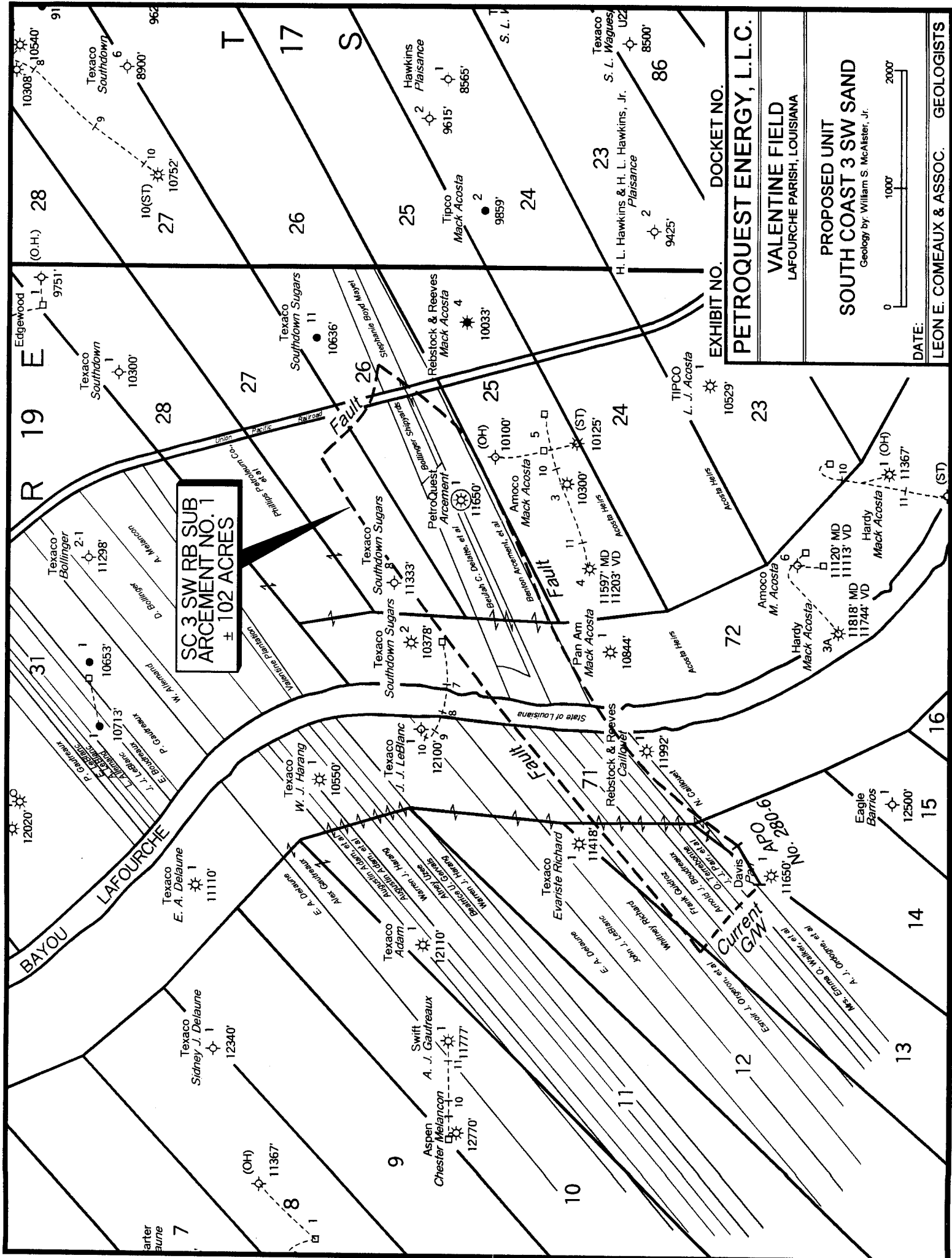
cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties
and Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.



SC 3 SW RB SUB
ARCEMENT NO. 1
± 102 ACRES

EXHIBIT NO. DOCKET NO.

PETROQUEST ENERGY, L.L.C.

VALENTINE FIELD

LAFOURCHE PARISH, LOUISIANA

PROPOSED UNIT

SOUTH COAST 3 SW SAND

Geology by: William S. McAlister, Jr.

DATE:

0 1000' 2000'

LEON E. COMEAUX & ASSOC.

GEOLOGISTS

Current
G/W
No. 6
11650'